

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 RSC-01 SIL-01 PA-02 PRS-01 USIA-15 /051 W

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R 172211Z JAN 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5433

INFO AMCONSUL MONTREAL

AMCONSUL QUEBEC

UNCLAS OTTAWA 0203

E.O. 11652: N/A

TAGS: ELAB, CA

SUBJECT: QUEBEC IMPOSES WAGE SETTLEMENT TO END CONSTRUCTION  
INDUSTRY DISPUTE

1. UNDER SPECIAL LEGISLATION ENACTED DECEMBER 24  
QUEBEC PROVINCIAL GOVERNMENT ORDERED CONTRACTORS TO  
GRANT 85 CENTS PER HOUR INCREASE (59 CENTS IMMEDIATELY  
PLUS 26 CENTS ON MAY 1) TO APPROXIMATELY 100,000 BUILDING  
TRADES WORKERS. THIS DECISION WAS REACHED PRIMARILY TO  
END EIGHT-WEEK STRIKE BY 1,200 IRONWORKERS WHICH HAD  
SERIOUSLY DELAYED CONSTRUCTION FOR 1976 OLYMPICS.  
THE WAGE INCREASE REPRESENTS INCOME SUPPLEMENT  
INTENDED TO COMPENSATE PURCHASING POWER LOSSES SINCE  
CURRENT CONTRACT, UNDER WHICH IRONWORKERS RECEIVE  
C\$6.05 BASE RATE, WAS NEGOTIATED IN 1973.

2. CONTRACTORS CONSIDER INCREASE EXCESSIVE BUT WERE  
PLEASED THAT GOVERNMENT SHIED AWAY FROM PERMANENT  
INDEXATION OF WAGES. DESPITE CONSTRUCTION UNION DEMANDS  
FOR C\$1 AN HOUR INCREASE AND IRONWORKERS' ORIGINAL REFUSAL  
TO SETTLE FOR LESS THAN 75 CENTS INCREASE, GOVERNMENT ORDER,  
WHICH PERMITS PUNITIVE MEASURES FOR NON-COMPLIANCE, HAS  
BEEN ACCEPTED BY OVERWHELMING MAJORITY OF UNION MEMBERS.

3. EVEN IF CONSTRUCTION OF OLYMPIC STADIUM AND RELATED  
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FACILITIES WERE TO CONTINUE WITHOUT FURTHER WORKSTOPPAGES,

A HIGHLY SPECULATIVE CONJECTURE, QUEBEC GOVERNMENT IS STILL  
FACED WITH PROBLEM OF FINANCING 100 PERCENT COST OVERRUN  
OF C\$310 MILLION ESTIMATE MADE IN 1972.

4. RECENT SPECULATION THAT GOC WOULD COVER PART OF  
DEFICIT WAS PUT TO REST AT LEAST EMPORARILY ON JANUARY 16  
WHEN PRIME MINISTER TRUDEAU REITERATED GOC'S LONG-STANDING  
POSITION OF LIMITING ITS FINANCIAL ASSISTANCE TO OLYMPIC  
COIN AND STAMP PROGRAMS THAT ARE EXPECTED TO RAISE ABOUT  
C\$260 MILLION. TRUDEAU WAS QUOTED AS SAYING: "WE DON'T  
PICK UP THE TAB OF ANY DEFICIT." "IT WOULD NOT DO  
CANADA'S REPUTATION ANY GOOD" IF THE GAMES WERE CANCELED  
BUT ADDED THAT OLYMPICS SHOULD TAKE PLACE "UNDER CONDITIONS  
THAT WERE AGREED TO". DESPITE YESTERDAY'S REAFFIRMATION  
OF NO DIRECT SUPPORT, WE SUSPECT THAT GOC WOULD NOT STAND  
IDLY BY IF CANADIAN HOSTING OF OLYMPIC GAMES WAS  
SERIOUSLY THREATENED.  
PORTER

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## Message Attributes

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